

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

*In re:*

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

as representative of

THE COMMONWEALTH OF PUERTO  
RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

Case No. 17-03283 (LTS)

(Jointly Administered)

**RESPONSE OF NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION,  
ASSURED GUARANTY CORP. AND ASSURED GUARANTY MUNICIPAL CORP.,  
AND THE INVESCO FUNDS TO INTERIM REPORT AND RECOMMENDATION OF  
THE MEDIATION TEAM**

National Public Finance Guarantee Corporation (“National”), Assured Guaranty Corp., and Assured Guaranty Municipal Corp. (together, “Assured”), and funds managed by Invesco Advisers, Inc., that are successors in interest to funds managed by OppenheimerFunds, Inc., and funds and/or accounts managed or advised by OFI Global Institutional Inc. (the “Invesco Funds”), which collectively own or insure more than \$10 billion in outstanding bond debt issued by the Commonwealth of Puerto Rico and its instrumentalities, respectfully submit this Response to the

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19 BK 5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Interim Report and Recommendation of the Mediation Team (the “Report”) filed on November 27, 2019 (ECF No. 9365).<sup>2</sup>

National, Assured, and the Invesco Funds strongly support the Mediation Team’s recommendation to lift, and not extend, the current Stay so that fundamental legal issues may be litigated and decided expeditiously, and they do not object to the proposed limited extension of time to resolve the schedule for confirmation of a plan of adjustment for the Commonwealth. However, the proposed extension is premised on the notion that any confirmation schedule proposed now may be modified if and when the FOMB files an amended plan with “materially more creditor support” (Report at 4). As stated by the Mediators:

The FOMB, the Government of Puerto Rico, and various creditor parties . . . have been and remain engaged in substantive, and delicately poised, negotiations facilitated by the Mediation Team regarding the terms of a possible amended plan of adjustment that would be acceptable to those creditors. If successful, these negotiations could result in the filing of an amended plan of adjustment that differs from, and has materially more creditor support than, the current Plan.

*Id.*

While the Mediators note that the addition of the “various” creditors participating in the current mediation to the *de minimis* number of creditors supporting the existing plan could represent a “material increase,” the report does not necessarily imply widespread support, or even in excess of 50% of the GO bond debt. National, Assured, and the Invesco Funds wholeheartedly support and encourage fulsome engagement in the negotiation of a consensual plan that would have widespread creditor support. While mediation confidentiality precludes us from going

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<sup>2</sup> This Response is not intended to constitute an objection to the proposed scheduling orders attached to the Report, which we understand will be due in accordance with a schedule to be set by the Court. National, Assured, and the Invesco Funds reserve all rights to object to the proposed scheduling orders at the appropriate time. Capitalized terms not defined in this Response shall have the meaning ascribed to such terms in the Report.

beyond what the Mediators have chosen to disclose, we note that if a revised plan emerged that, like the existing plan support agreement, is supported by only certain stakeholders, it would likely not have sufficient support to be fully consensual, and would face significant opposition. National, Assured, and the Invesco Funds reserve the right to object to any confirmation schedule or further modifications to any litigation schedule as a result of any such amended plan without widespread support.

**RESPECTFULLY SUBMITTED**, in San Juan, Puerto Rico, December 5, 2019.

**WE HEREBY CERTIFY** that on this same date a true and exact copy of this objection was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record. Also, copy of this document will be notified via electronic mail to all case participants.

Dated: December 5, 2019  
San Juan, Puerto Rico

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